



Procurement Policy

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Contents

1	Introduction	Page 03
2.	Objectives	Page 03
3.	Background	Page 03
4.	Legal Framework	Page 04
5.	Identifying a Procurement Activity	Page 04
6.	Rules	Page 06
7.	Tender Categories	Page 08
8.	Procurement Strategy	Page 08
9.	Community Benefits	Page 09
10.	Selection	Page 09
11.	Contracts Register	Page 09
12.	Procurement Practices	Page 10
13.	Review	Page 10

1.0 INTRODUCTION

- 1.1 Procurement is the process through which Southside Housing Association (SHA) obtains assets, products and services. This policy is designed to ensure we comply with the relevant legislation, regulations and guidance which regulate our procurement activities. We will ensure our procurement activities allow us to achieve value for money for SHA and its customers, that we achieve quality standards and openness, transparency and propriety is observed in selecting contractors and suppliers and in awarding tenders.
- 1.2 This policy applies equally to the procurement of works, goods and services, the appointment of contractors and consultants and the purchase of office supplies.
- 1.3 Along with our Standing Orders, Scheme of Delegation and Financial Regulations, this document is an essential part of our system for internal control. Together these documents help ensure that procurement activities are properly authorised, executed and monitored.

2.0 OBJECTIVES

- 2.1 The objectives of this Policy are –
 - To ensure SHA obtains the best quality and value for money in all its procurement activities.
 - To manage procurement and purchasing activities in a transparent way, ensuring the highest standards of accountability and probity.
 - To ensure SHA always complies with its legal obligations and regulatory requirements.
 - To support the effective and efficient delivery of SHA's services and the management of its overall business.

3.0 BACKGROUND

- 3.1 Traditionally the Association has had a variety of procurement methods for goods supplies, services and works; sometimes using competitive tendering, sometimes inviting quotes, sometimes involving long term partnership relationships with consultants and/or suppliers. This approach has many strengths, but the Association is mindful of the need to ensure corporate consistency, and the need to ensure that there is transparency and public accountability.
- 3.2 The definition of the Association as a “contracting authority” under procurement law is due largely to the fact that the Association receives and is the custodian

of large amounts of public money. Consequently, the probity and transparency of our procurement practices are important.

3.3 The Association is aware that there will be tensions in our procurement policy between

- The need to get the best price for goods /supplies, services and works and the need to ensure consistency in quality, and
- The need to practically source goods / supplies, services and works and the requirement to demonstrate a clear rationale for using selected procurement routes.

3.4 Notwithstanding these obvious tensions, the Association will strive to ensure that there is a clear audit trail in all procurement decisions and that the ultimate objective is to get the best value in all goods / supplies, services and works.

4.0 LEGAL FRAMEWORK

4.1 As a Registered Social Landlord (RSL), SHA is deemed to be a body governed by public law for the purposes of procurement.

We are therefore required to comply with UK legislation and legislation passed by the Scottish Government. In recognition of this our procurement practices will ensure we treat economic operators equally and without discrimination and that we act in a transparent and proportionate manner. We will ensure procurement is not conducted so as to escape the remits of the regulations, to artificially narrow competition or to unduly favour or disadvantage certain economic operators (2015 Regulations 18).

4.2 We will comply with:

- The Procurement Reform (Scotland) Act 2014.
- The Public Contracts (Scotland) Regulations, 2015 and 2016.
- The Bribery Act 2010.
- Equality Act 2010.

and statutory guidance issued by the Scottish Government and the Scottish Housing Regulator.

5.0 IDENTIFYING A PROCUREMENT ACTIVITY

5.1 Regulated procurements are £50,000 or more for supplies and services and £2,000,000 or more for works. SHA will endeavour to have identified all regulated procurement in our procurement strategy which will be updated on an annual basis to ensure we are clear about what is being procured and how. Should an activity arise unexpectedly then our procurement strategy will be updated accordingly throughout the year.

- 5.2 Before starting the procurement process it is important that a Contract Manager is identified who will usually be the Manager within SHA under whose remit the item to be procured falls. The Contract Manager will be responsible for both implementing the procurement and for managing the contract once it is let. For audit purposes the Contract Manager should keep an accessible and comprehensive electronic file of all documentation relating to the procurement.
- 5.3 Most of our regulated procurement should be contained within our Procurement Strategy, however there may be occasions due to timing that it is not, in these instances, it is important that the Contract Manager agrees this procurement activity with the section Director for approval.
- 5.4 For all procurement activities the following should be clear from the outset –
- Details of the item to be procured and whether it is for works, services or goods.
 - An explanation of why it is required and details of any preparatory work already undertaken, e.g. Feasibility studies etc.
 - An estimate of the tender value and timeframe, outlining a timetable for the procurement stages from Prior Information Notice (PIN) to tender award, taking account of the statutory timescales for tenders.
 - Confirmation of the necessary budget provision.
 - Reference to the Public Contracts Scotland (PCS) portal.
 - Whether the procurement will be through an existing framework such as Procurement for Housing (Scotland) or SPA (Scottish Procurement Alliance).
 - Whether the procurement is to be a single stage process (“open” procedure) or is to be shortlisted by means of a Pre-Qualification Questionnaire (PQQ) or the Single Procurement Document (SPD) (restricted procedure).
 - It is good practice to use the SPD for all regulated contracts up to the value of the threshold and compulsory on those over that threshold. If a PQQ is to be used however we will use the Scottish Government’s Standard PQQ. Guidance on the use of this can be found in the Scottish Government publication – *Guidance Notes for Buyers on the Pre-Qualification Questionnaire (PQQ) 21/09/2015*.
 - What the balance of quality and price will be.
 - Details of Sustainable Procurement Duty, Supported Businesses Restriction and/or Community Benefits if applicable.

6.0 RULES APPLYING TO ALL TENDERS

- 6.1 The Public Contracts (Scotland) Regulations 2015 contract value thresholds determine whether they must comply with these regulations. These are updated every two years to ensure that they remain aligned to the threshold values set by the World Trade Organisation's Government Procurement Agreement. These threshold values relating to Supplies, Services, or Works will be updated as required and noted in the annual Procurement Strategy published by Southside Housing Association. The table below outlines the current values:

Supplies and Services	£213,477 (inc. VAT)
Works	£5,336,937 (inc. VAT)

- 6.2 The way the value of a contract is estimated for the purpose of determining whether that contract meets or exceeds the new threshold values changed. **From 1 January 2022 VAT, where applicable, must form part of the calculation.** The standard rate of VAT (currently 20%) should be used to avoid underestimating the contract's value unless the Contracting Authority is able to demonstrate that a lower (or nil) rate of VAT applies to a contract. **The 2015 regulations in summary, applies to most of our larger procurements such as development, major component replacement etc.**
- 6.3 The Procurement Reform (Scotland) Act 2014 imposes separate procurement obligations for contracts for Supplies, Services, or Works with values above the thresholds. **The method for calculating the estimated contract value under this Act has not changed and remains exclusive of VAT.**
- 6.4 These values will also be noted and updated as required in the annual Procurement Strategy published by Southside Housing Association. **The 2014 regulations apply to most of Southside's smaller low risk/low value procurements.**

Supplies and Services	£50,000 (exc. VAT)
Works	£2,000,000 (exc. VAT)

- 6.5 The **PCS Portal** allows users to upload all electronic tender documents – PINs, PQQs, Contract Notices, Tender Documentation, Q&As during Tender period, admission of Tender returns to the post-box and Award Notices. This facility should be used for our procurement activities in accordance with Procurement legislation.
- 6.6 For all tenders and quick quotes, a contract specification, information to tenderers, pricing document, SPD (subject to procurement route), and quality questionnaire (where required), should be used.
- 6.7 **Quality Questionnaires** will be used within all regulated tender assessments as per the Public Contracts (Scotland) Regulations 2015. Price only tenders are no longer allowed. When using these questionnaires, the Contract Manager should ensure that the questions are relevant, specific to the requirements and

aims of the contract in question, capable of being easily understood and that the marks available for each question is stated, including any weightings associated to each question.

- 6.8 Where a balance of quality and price is used to evaluate tenders, the Contract Manager will use a pre-agreed matrix as stated within the tender documents which will calculate the scores and determine the MEAT (Most Economically Advantageous Tender). Details of the matrix and weightings will be sent to the tenderers to make it easier to understand.
- 6.9 Tenders will be evaluated by a minimum of 2 officers who will be deemed competent in relation to the evaluation and scoring of the tender in question.
- 6.10 In general the quality/price ratio will be 60% quality and 40% cost, however the Contract Manager will consider other ratios depending on the nature and value of the contract to ensure that as far as possible the tender process will be competitive and provide the best outcome for the Association.
- 6.11 For all tenders with a value exceeding £50,000 the **opening** of the electronic tender post-box by the Contract Manager should also be witnessed by two officers from the Association. Due to the revised process where all tenders are opened electronically via the post box on PCS which can be fully audited, it is no longer a requirement for a Committee Member to be present. The handwritten tender book will also be completed and signed by the Contract Manager and officers. The Contract Manager will compile a tender report identifying the operators who submitted tenders, their prices and quality marks, the weighted and combined price and quality scores, and the successful contractor. The Contract Manager will lodge the details of the successful tenderer on PCS and on the Contracts Register.
- 6.12 Tenders may be approved by the Management Committee or Sub-Committee by obtaining approval from two members. Approval is generally obtained in person at a standard convened meeting, however, should approval be required out-with the frequency of a Management Committee or Sub-Committee meeting approval may be obtained electronically where a tender report is sent to the Management Committee or Sub-Committee members requesting approval from a minimum of two members. A retrospective (post tender) report will be taken to the next Sub Committee or Management Committee.
- 6.13 After awarding the contract the Contract Manager is responsible for ensuring a written contract is drawn up and signed before the commencement of the contract. For all regulated procurement, the terms of the contract to be entered must be stated in the tender documentation. This should be accompanied by a statement to the effect that, by returning the tender, the tenderer is deemed to have read, understood and taken legal and insurance advice on the terms of the contract and that no amendments or deletions to the contract terms set out in the tender documents will be accepted after the tender has been awarded.

7.0 TENDER CATEGORIES

- 7.1 Small Contracts for Works, Supplies and Services – Less than £50,000 – Contracts with these values are not regulated and can be awarded on the basis of price only or price and quality as determined at the initiation of the procurement. In most cases the Quick Quote facility will be used on the PCS portal. For other small contracts/procurements, where the Quick Quote facility is not appropriate, the directions set out in the Delegated Authorities document should be followed.
- 7.2 Medium Contracts for Works only - £50,000 to £2m are not regulated by the 2014 Act however the need to ensure value for money means that the same process as for regulated contracts should be followed, with the exception of the sustainable procurement duty.
- 7.3 Regulated Contracts for Supplies and Services over the thresholds confirmed by the Procurement Reform (Scotland) Act 2014 as detailed at section 6.3 and the process therefore must ensure that all relevant economic operators are treated equally and without discrimination, we act in a transparent and proportionate manner; and we comply with the “sustainable procurement duty”. All regulated procurements will be advertised on the PCS portal.
- 7.4 Larger Contracts for Works or Services over the threshold confirmed by the Public Contracts (Scotland) Regulations 2015 as detailed 6.1 of this policy– these are also regulated as above, but with the additional requirement that the potential for delivery of community benefits must be considered – if they are not to be required the reason for this must be included in the Contract Notice.
- 7.5 Larger Contracts for Supplies and Services and Works over the threshold values as detailed at Section 7.4 above (should also be advertised on the Find a Tender Service (FTS) – and this can be done using the PCS portal. A two-stage process which complies with the restricted procedure under the 2015 regulations, using the standard Pre-Qualifications Questionnaire to build a shortlist, will normally be required because an FTS advertised notice is likely to generate a larger number of responses. Contract Managers should be aware of or take advice on the timescales involved in the advertising and award process as set out in the Public Contracts (Scotland) Regulations 2015, and the way the timescales can be reduced by issuing a Prior Information Notice (PIN).
- 7.6 The Association will ensure that these thresholds are adhered to following future annual increases.

8.0 PROCUREMENT STRATEGY

- 8.1 Our Procurement Strategy is a response to Section 15 of the Procurement Reform (Scotland) Act 2014 which places a duty on SHA to publish a Strategy in any year when we expect to be procuring regulated contracts with a total

value of over £5m. SHA intend to always publish a strategy regardless of spend amounts.

9.0 COMMUNITY BENEFITS

- 9.1 If we are procuring a contract worth more than £100,000, we will consider whether to impose any community benefit requirements as part of the contract. We will propose a range of benefit options which we expect to be considered for developing or producing via the contract. If we do not intend to include any community benefit requirements, we will state in the contract notice our reasons for not doing so.

10.0 SELECTION, EXCLUSION OF TENDERERS AND FEEDBACK

- 10.1 We will provide feedback within 30 days to any tenderers excluded from a regulated tendering process at any stage. We will provide these tenderers with:
- The names of the economic operators who have not been excluded.
 - The criteria used to exclude the tenderer; and
 - Our scoring against those criteria.
- 10.2 After awarding a contract we will provide all tenderers with:
- The name of the successful tenderer.
 - The criteria used to award the contract; and
 - Our scoring, against those criteria, of the unsuccessful tenderers and the successful tenderer
- 10.3 If we receive requests for further information within 30 days of these notices, we will provide to unsuccessful tenderers the reasons why they were excluded from tendering or why their tender was unsuccessful, and the characteristics and relative advantages of the successful contractors' tender.

11.0 CONTRACTS REGISTER

- 11.1 As a contracting authority we must keep and maintain a register of contracts we have entered into because of regulated procurement. This will be managed and updated by the Director of Property Services and will be made publicly available. The register will contain the following information:
- The date of the award.
 - The subject matter/contract name.
 - The name of the contractor.
 - The estimated value
 - The contract start date;
 - The contract end date (disregarding any option to extend the contract).
 - The length of any contract extension period.

- 11.2 Entries in the register will be deleted only after a contract has expired or been terminated. We may withhold an entry or part of an entry in the register if we consider that it would be contrary to the public interest, prejudice the commercial interests of any person, or prejudice fair competition between economic operators.

12.0 PROCUREMENT PRACTICES

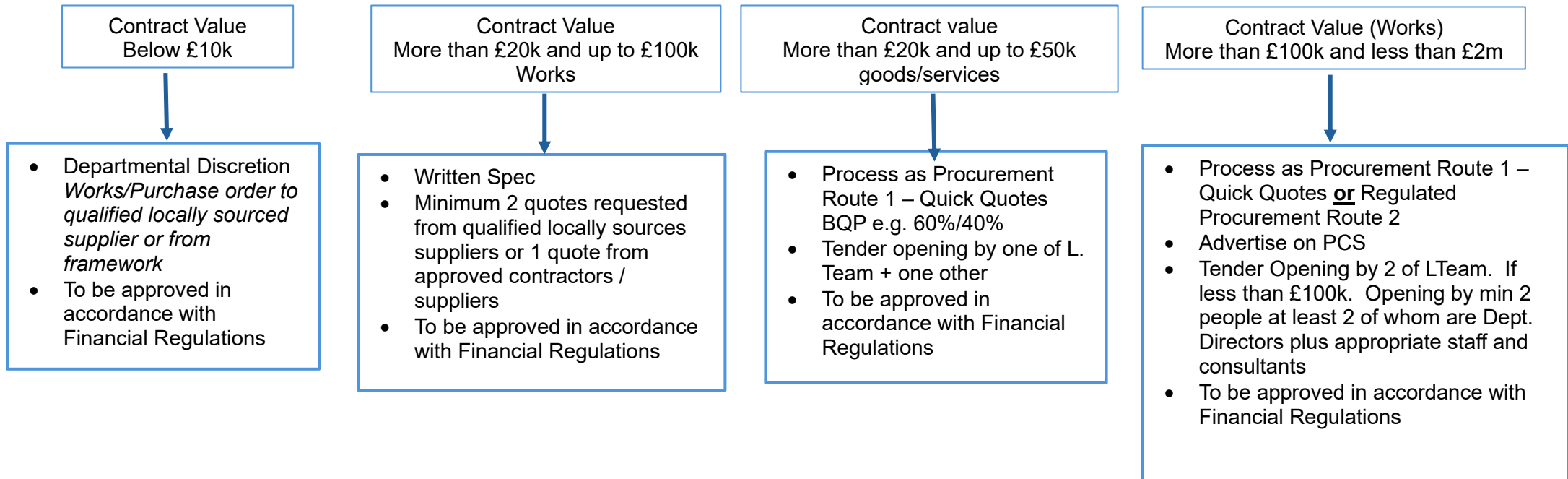
- 12.1 The table below sets out the main procurement practices that will be used by SHA.

13.0 REVIEW

- 13.1 This policy will be reviewed every three years or where there is a significant change in legislation or good practice.

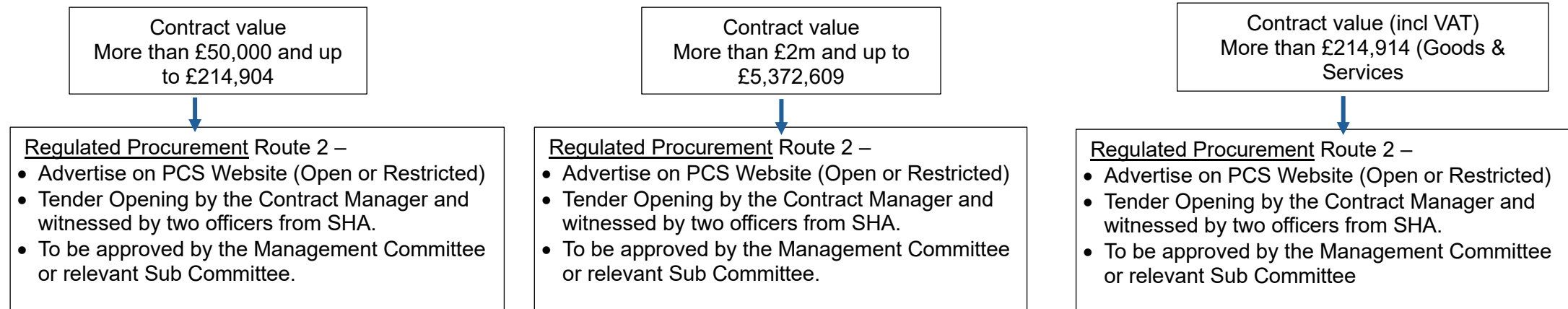
Procurement Reform (Scotland) 2014:

Non-Regulated – SHA Policy



Regulated Procurement GPA Threshold (FTS)

Procurement



Regulated

Appendix 1 – Thresholds

The tables below list contract value thresholds to be applied by the Association when considering whether procurement of a contract must follow the Scottish Act and / or the 2015 Regulations.

Scottish Act

Public Contract for:	Threshold (net of VAT):
Anything other than Works (i.e. Supplies or Services)	£50,000
For Works	£2,000,000
A major contract (must consider community benefit requirements)	£4,000,000

2015 Regulations

(Thresholds valid 1 January 2022)

Public Contract for:	Threshold (inclusive of VAT):
Supplies or Services	£213,477
Small lots – Supplies or Services	£70,778
Works	£5,336,937
“Light regime” services – e.g. social services, legal services	£663,540

The updated thresholds above will not affect the rules implemented by the Procurement Reform (Scotland) 2014 Act (“the 2014 Act”). The 2014 Act provides that any contracts over £50,000 (for goods and services) or £2 million (for works) must be advertised on the Public Contracts Scotland website. An award notice must also be published on the website when an RSL awards a contract with a value that exceeds the thresholds set out in the 2014 Act. These thresholds remain exclusive of VAT.